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INTRODUCTION

The Office of Internal Audit performed an audit of Monroe County DHS for the period July 1, 2005 through June 30, 2006. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Department of Human Services (DHS) are being followed. Monroe County DHS had 69 full time equated positions (FTE's) at the time of our review. Monroe County DHS provided assistance to an average 10,072 recipients per month during FY 2005, with total assistance payments of \$14,198,940 during that year.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and accordingly, included the audit tests we deemed necessary under the circumstances. We obtained descriptions of significant systems operating at the Monroe County DHS, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. Our audit included the following:

Cash Receipts	Cash Disbursements
Foster Care Casefile Documentation	General Ledger
Modified Accrual Basis Balance Sheet	Safe and Controlled Documents
State Emergency Relief (SER)	Client Processing
CIMS/ASSIST	Day Care Casefile Documentation
Payroll and Timekeeping	Procurement Card
Children's Protective Services Casefile Documentation	

EXECUTIVE SUMMARY

Based on our audit, we conclude that the Monroe County DHS internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. Our audit disclosed no instances of noncompliance with control procedures for General Ledger, Cash Disbursements, State Emergency Relief, Client Processing, Procurement Card, Cash Receipts, Modified Accrual Balance Sheet, or Foster Care or Child Day Care Casefile Documentation. We found a few instances of noncompliance with DHS policies and procedures and weaknesses in internal controls in other areas, which are detailed below.

LOCAL OFFICE RESPONSE

The management of Monroe County DHS has reviewed all findings and recommendations included in this report. They responded in a memorandum dated September 26, 2006 that they are in general agreement with the report, and have implemented corrective action for all recommendations.

FINDINGS AND RECOMMENDATIONS

Safe and Controlled Documents

Obsolete Controlled Documents

1. Monroe County DHS had obsolete Official Field Receipts (DHS-3543) on hand. Accounting Manual Item 403 requires that these documents be controlled, and gives instructions for the destruction of obsolete forms. Keeping obsolete forms on hand increases the risk of these forms being used inappropriately.

WE RECOMMEND that the Monroe County DHS destroy the obsolete DHS-3543's in accordance with the instructions in Accounting Manual Item 403.

CIMS/ASSIST/LASR Security Controls

Missing LASR Security Access Requests

2. Two employees at Monroe County DHS who had access to LASR did not have LASR Security Access Requests (DHS-84) on file. Accurate, up-to-date LASR Security Access Requests provide documentation that workers understand the access they have on LASR and the responsibility associated with that access.

WE RECOMMEND that Monroe County DHS ensure that accurate, up-to-date LASR Security Access Requests are on file for all employees who have access to LASR.

Payroll and Timekeeping

Reconciliation of Time and Attendance Summary Report

3. Monroe County DHS did not reconcile the Time and Attendance Summary Report (HR-332A) with a Time and Attendance Summary Report (HR-332A0 printed one week after the payroll had been certified on the Data Collection Distribution System (DCDS). The Primary Internal Control Criteria for DHS Local/District Offices recommends that this reconciliation be performed to ensure that there were no changes to the entries after the certifier approved the time.

WE RECOMMEND that Monroe County DHS reconcile the Certified Time and Attendance Summary Report (HR-332A) one week after it has been certified and released on DCDS.